TESTIMONY

OF

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AMTRAK

BEFORE THE

SUBCOMMITTEE ON RAILROADS

OF THE

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

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2167 RAYBURN HOUSE OFFICE BUILDING

Mr. Chairman, and members of the committee, I appreciate the opportunity to come before you for an update on the status of Amtrak's Acela Express service. This morning, I'm going to address what happened last month regarding our decision to pull the Acelas; what is being done to return the trains to service and what the financial impact has been to date. I am William Crosbie, Senior Vice President of Operations for Amtrak. I joined Amtrak in January 2003. I am a Professional Electrical Engineer with over 20 years experience in railroad operations, maintenance and engineering.

Let me begin by saying that this incident has not affected our resolve to return Acela to service. Acela was introduced nearly five years ago. The train is popular among our passengers and ridership has grown from just under half-a-million in its first year of operation, 2001, to more than two-and-a-half million in FY04. Last year, it accounted for $295 million in ticket revenue, or approximately 25 percent of all Amtrak ticket revenue. Its popularity among passengers was continuing this year until the trains were sidelined in April with revenue up $10 million and ridership up 7 percent through March, against the same period last year.

In the early morning hours of Friday, April 15th, I was contacted by Amtrak's High Speed Rail Master Mechanic and told that cracks in the spokes of the brake rotor had been found. The first crack was found following a post-run inspection of one train-set. The initial Amtrak High Speed Rail Mechanical Engineering assessment was that the defect existed on every trainset inspected to that point and that it likely existed across the fleet. Amtrak's High Speed Rail maintenance and engineering staff recommended to me that the trainsets be taken out of service because, based on their assessment, it could be unsafe to operate the trainsets. After reviewing their findings in detail, I concurred with their recommendation and ordered the entire fleet of Acela trainsets out of service. Simultaneously, I also ordered an immediate fleet-wide inspection of all trainsets to detail and document the cracked spokes by trainset, by car number, axle number and rotor number. Each of the 6 coach cars of the 20 trainsets has 12 brake rotors. That means the full fleet has 1,440 rotors. Of those 1,440 rotors, approximately 300 cracks were found on 250 of the rotors. These cracked spokes, many of which were not visible to the naked eye, were found on every trainset. At a meeting on Friday, April 15th all parties agreed that taking the Acela's out-of-service was the right decision.

These trainsets were assembled in the United States for Amtrak by a consortium of Bombardier Transportation of Canada and Alstom of France. In addition to the 20 trainsets, the consortium provided 15 other High-Horsepower Locomotives, three new maintenance facilities and, through its subsidiary – the Northeast Corridor Maintenance Service Company (NECMSC) – a service contract to maintain the equipment. Under this service contract, NECMSC is obligated to inspect, service and maintain the equipment, with NECMSC management supervising Amtrak employees.

The brake systems used on the Acelas were supplied by Knorr, a subcontractor of the Consortium and the discs or rotors at issue were supplied by Knorr and SAB WABCO. Under our management services agreement, NECMSC is responsible for inspecting and maintaining the trainsets and managing the inventory of spare parts. When this incident occurred, we discovered that there were only 64 spare rotors on hand and none on order.

Consequently, this required Amtrak to deliver the news on April 20th that the trainsets would in all likelihood not return to service until sometime this summer, and then only gradually. We then moved on parallel paths to determine the cause of the problem and the solution and to quickly begin a service recovery plan.

The absence of Acela initially left a substantial hole in our Northeast Corridor service. On weekdays, we had been running 15 roundtrips between Washington and New York and 11 between New York and Boston. These trips accounted for average weekday revenue of $1 million a day.

Moving quickly with replacement Metroliner service, we reduced the daily revenue loss by more than 50 percent. Starting the week of April 25th, we were able to offer nearly hourly service from 6:00 am to 6:00 pm in both directions between New York and Washington with Metroliners. Starting last week, we expanded that to 7:00 pm in both directions and added two Metroliner roundtrips between New York and Boston. So, we now have 14 Metroliner roundtrips south of New York and 2 roundtrips north of New York. We did all this by a combination of actions including the redeployment of equipment from throughout the country, reducing the shop count of out-of-service cars, and borrowing equipment from third parties.

The Metroliners have performed well. Since starting their full schedule on April 25th, on-time performance as of May 9 was 83 percent. This is equivalent to the Acela's on-time performance in March, which was 83 percent. The trip time also compares favorably with a run time that is 10 minutes within that of Acela Express.

However, despite the quick action to redeploy equipment and construct a Metroliner schedule that meets our passengers' expectations, the loss of revenue has been and will continue to be substantial until the trainsets are returned to service. Our estimate is that, net of expenses, we will lose somewhat more than $1 million every week that the Acela Express trains are out of service.

This has the potential to seriously jeopardize our end of fiscal year 2005 cash balance. Right now, that projection stands at $32 million before considering the impact of the Acela service disruption. This incident may well exhaust our cash by the end of the fiscal year. We are taking every opportunity to mitigate the financial consequences of this incident. Also, the FRA and USDOT, who are on our Board of Directors, are kept up-to-date with daily cash on hand reports as well as monthly cash flow projections.

This Subcommittee may also be interested in knowing that under the maintenance agreement, NECMSC may be assessed liquidated damages of $10,000 per missed trip. Although typically, liquidated damages are subtracted from the regular monthly payments we make to NECMSC for its services. As of April 15th, Amtrak has not made any payments to NECMSC.

We do want to know what caused this, and on April 15th, I asked Fred Weiderhold, Amtrak's Inspector General, to investigate this matter for us. I believe he is asking all the right questions. The IG is independent, experienced and professional, and you have the benefit of his testimony today.

As I said earlier, Amtrak's focus is on seeing that new parts are produced, satisfactorily tested and installed, that appropriate spares are in inventory and that the trains are returned to service. Acela Express is both popular with passengers and a very important part of our bottom line. This concludes my testimony and I would be glad to answer your questions.